

Sixty second summary

Policies as part of LGPS risk management



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Risk management within the LGPS needs to be a strong focus for administering authorities. With ministers having given approval to take forward the Scheme Advisory Board's [Good Governance](#) recommendations in England & Wales, we look at the various policies we believe any well-run LGPS fund should have in place as part of its overall governance arrangements.

Why are policies so important?

Putting policies in place across all elements of your Fund's management and administration should be more than a 'tick box' exercise. Done correctly, policies can genuinely help you to better manage the fund and ensure the right decisions are made.

- They are vital in setting out how your Fund demonstrates effective systems of internal control, as required by the Pensions Regulator.
- They set out the decision-making framework.
- They set out how your Fund achieves accountability and transparency.
- They set expectations of each party with an interest in your Fund (be that elected members, officers, employers, advisors, etc.)
- They form part of the defence against scrutiny, both internally (audit) and externally (audit, taxpayers, Pensions Regulator, Pensions Ombudsman, etc.)

What policies are required?

There are a range of policies we believe a well-run fund should have in place, covering funding, investments, administration and governance. A number of these will be required as a result of an explicit regulatory requirement (denoted by **bold** text in the table below). Many others, however, enable administering authorities to demonstrate effective systems of internal controls or reflect current 'best practice'. The table below sets out the various policies we believe well-run funds should have in place or consider implementing.

Funding Policies	Governance and administration policies	
Funding Strategy Statement	Administering authority discretions	Employer discretions
Academies	Administration strategy	Flexible retirement
Admissions	Breaches of the law	Governance compliance statement
Bulk transfers	Business continuity plan	Representation
Cessations	Business plan	Risk management strategy
Contribution reviews	Communications	Roles and responsibilities
Ill health managements	Complaints/IDRP procedure	Training plans (individual and group)
Pass-through	Conflicts of interest	Training strategy
Pre-payments	Cyber risk	
Town/parish councils	Data protection	

Investment policies and internal administration procedure policies will be required in addition to those above.

What action should administering authorities be taking?

As we set out in our recent 60 Second Summary we are encouraging funds to adopt a slimmed down version of the Funding Strategy Statement (FSS) as part of the 2022 valuation exercise in England & Wales. This slimmed down document is then supported with a number of short satellite policies associated with scheme funding, ensuring the FSS and the supporting policies are more relevant and easily accessible.

This principle can also extend to all other fund policies. As you're already considering the FSS and funding policies, now might be an ideal time to consider all the other policies referenced in the above table. This should include:

- **Policy review** – have you got the right policies in place? Are there any key ones missing that need to be considered? For those you do have, when were they last reviewed?
- **Accessibility** – this can cover the use of plain English, as well as ensuring policies are readily available on your Fund's website.
- **Your committee's involvement** – Has your committee been involved in viewing and signing off these policies? Are they aware of the policies which the Fund has in place? If not, then a training session to cover these policies, their purpose, and implications might be beneficial.
- **Create a policy log** – with the ever-increasing focus on governance, having a policy log in place is a useful way to keep track of the policies you have and any planned review dates.

Conclusions

The continued focus on governance and risk management does not show any sign of slowing down. Having up-to-date policies in place that are accessible and relevant should be part of your risk management strategy. Now might be the ideal time to review existing policies or compliment those already in place.

If you would like to discuss how we might be able to help you to review existing policies, or provide templates or our policies toolkit and checklist, please contact your usual Hymans Robertson consultant or get in touch [here](#).